

OPEN MEETING AGENDA ITEM



March 19, 2021

Arizona Corporation Commission
1200 W. Washington St.
Phoenix, AZ 85007

RE: Docket Number RU-00000A-19-0132

Dear Chairwoman Marquez Peterson and Commissioners:

On behalf of Wildfire: Igniting Community Action to End Poverty in Arizona and the Arizona PIRG Education Fund, we appreciate the opportunity to provide our input on the Proposed Modifications to the Rules Regarding Termination of Service. Please note our letter centers on electric utilities; however, our comments also apply to the gas utilities where similar provisions are proposed. Please also note that due to the continued uncertainty of the COVID-19 pandemic and the rulemaking that is underway, we support keeping the current heat related moratorium in place during the period of June 1, 2021-October 15, 2021.

Background

Organizational Involvement

Our organizations have been involved at the Commission on termination of service concerns since June 2019 when the Commission initiated an emergency rulemaking "to modify and strengthen the Commission's electric utilities termination of service rule ...". When the emergency rulemaking was proposed, Wildfire, the Arizona PIRG Education Fund, St. Vincent de Paul and RUCO, submitted a [letter to the docket](#) noting our concerns about unintended consequences that may arise from the emergency rulemaking. Additionally, Wildfire and the Arizona PIRG Education Fund submitted filings to the docket in [July 2019](#), [September 2019](#), and [December 2020](#). Along with the Southwest Energy Efficiency Project (SWEET), we conducted a joint presentation to the Commission at the January 2020 Workshop (see attached).

Both Wildfire and the Arizona PIRG Education Fund have consistently spoken before the Commission and with Commissioners on disconnection policies, including on the Investigation and Comprehensive Review of the Commission's Disconnection Rules and the Disconnection Policies of Public Service Corporations (Disconnection Policies). We submitted a filing to this docket in [September 2020](#) and were very supportive of the Commission's vote on the [Disconnection Policies](#) in December 2020.

Since our initial involvement on this issue, we have continued to learn from agencies that work directly with limited-income ratepayers and meet with stakeholders to gain various perspectives as well as to better understand potential operational and ratepayer costs. Our comments reflect the work we have conducted, and best practices learned along the way.

Pandemic and Ongoing Needs

As each of you is aware, the pandemic has wreaked havoc on individuals and families throughout our state. Businesses have closed, unemployment has increased, the number of COVID related illnesses and deaths is staggering and the number of customers unable to pay their rent and utility bills has significantly increased.

The voluntary moratorium that was put in place by utilities soon after COVID implications were felt was intended to mitigate the number of heat-related illnesses and deaths that were occurring. The current draft of the Rules incorporates measures taken by utilities during this time and makes meaningful progress for customers to remain connected to their utility service.

The primary reason this rulemaking process needs to proceed is that far too many customers are unable to afford their electric bill every month. While the proposed Rules will create needed protections, they will not solve the larger issue at hand – affordable rates for all customers. We urge the Commission to keep this issue in mind in each rate case that comes before you.

Please also keep in mind that all of us engaged in this discussion and working on these Rules want to prevent any future heat-related illness or death. Over the past five years, 1,500 heat related deaths have been recorded in Arizona, the majority of which occurred outdoors. This number includes the unsheltered living on the streets, outdoor workers, people living in mobile homes, those without functioning air conditioning units or those who don't turn their A/C on because more than likely they cannot afford to do so. It is also important to note that the Black and Native American communities have been disproportionately impacted.

In 2020, there were 494 deaths considered likely linked to heat in Arizona, compared to 199 in 2019. More than 300 of these deaths were among the homeless. Of the indoor deaths, 16% of the homes had no A/C and of those who had A/C, 60% had units that had been turned off.ⁱ

The Commission can and should make revisions to the proposed Rule to better help consumers struggling to pay their electric bill stay connected to electric service and reduce arrearages that otherwise are likely to be passed along to other ratepayers.

Proposed Revised Rule

The following items are those we believe should be included in the Rule and ask for the Commission's support:

1. Inability to Pay - R14-2-201(18. b). The language providing for the customer to attest to the need for assistance is a common practice in utility assistance and other benefit programs and we support inclusion as written in the proposed revised Rules.
2. Termination of Service - R14-2-211. For purposes of this Rule, the intent of the utility should be to help the ratepayer avoid disconnection. Toward this end, as noted in the proposed revised Rules, the utility should gather as much information as possible from new and existing customers including email addresses, consent for text messages, and agreement for third-party notification – either an individual or a designated entity to best communicate with ratepayers.

R14-2-211 (A. 4). The Rule should include specificity and not put the onus on the customer to negotiate with the utility. **We urge the Commission to include an automatic period of at least six months to correct underbilling, with the ability for the customer and the utility to further extend.**

R14-2-211 (A. 6). The proposed revised Rules include language that addresses the various methods utilities will deploy in order to communicate with customers, which we support. In particular, Wildfire and the Arizona PIRG Education Fund wholeheartedly support the provisions to inform the customer of potential financial assistance, written notices of termination, and through telephone outreach.

The Commission's Disconnection Policies in [December 2020](#) contains communication provisions (20. g) including "Information about Low-Income Home Energy Assistance Program (LIHEAP), bill payment assistance programs, energy efficiency programs, and all other customer-assistance programs... and the Company's low-income discount program." We recommend incorporating such language into the proposed revised Rules.

R14-2-211 (A. 11). **We do not support the approach in the proposed revised Rules that allows a utility to choose its own policy.** Different policies for different utility companies are likely to create confusion and if the method for disconnection by a utility changes from year-to-year, data collection and analysis will not be sufficient to determine the impact of the policy on ratepayers.

We support the use of the National Weather Service's heat advisory notification process as the selected policy for utilities regulated by the Commission. As has been noted, APS, TEP, and UNS Electric used the NWS policy for years prior to the Commission's heat related emergency rulemaking in June 2019. SRP currently uses the NWS and has been for years. The NWS takes into account factors beyond just temperature, such as humidity. Customers will not be disconnected on the days identified by the NWS and will avoid accruing the significant debt that follows as a consequence of the extended moratorium. Coupled with information about available assistance programs, discount programs and other available resources, customers will be in a better position to pay their bill. For these reasons, **Community Action Agencies across Arizona also support this policy.**

R14-2-211 (A. 13. c). In 2020, APS, TEP, and UNS Electric agreed to automatically set-up six-month payment plans for customers who fell behind on their bills. **IF the Commission proceeds with a blanket moratorium from June 1 – October 15, the Rule should codify this agreement and explicitly state that if a customer falls behind on their bills, the customer will automatically be placed on a six month payment plan, with the ability to extend the plan in coordination with their utility.**

3. Administrative and Hearing Requirements - R14-2-212 (G. 4). **The Commission's Disconnection Policies in [December 2020](#) (20. i) requires information that the electric utilities need to report on a quarterly basis (20 i. allows exceptions for the cooperatives). The proposed revised Rules should also require this list, in accordance with the rest of the Rules, to ensure this data is collected and publicly submitted on a quarterly basis.** Collecting this data in a consistent and frequent manner is important to assist in successful education and outreach, note trends, and address any issues that arise throughout the year. An annual report is not sufficient.

We very much appreciate the opportunity to provide input on the proposed revised Termination of Service rules and their impact on utility customers and our communities and look forward to continuing to work with the Commission to protect Arizona ratepayers.

Please feel free to contact either of us with questions or to discuss.

Sincerely,

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¹ <https://www.azcentral.com/story/news/local/arizona-environment/2021/01/31/heat-killed-record-number-people-arizona-last-year/4294654001/>

Understanding Low-Income Arizonans & Preventing Utility Disconnections



*Arizona Corporation Commission
Termination of Service Workshop*

January 30th, 2020

Presenting Organizations (in order of presentation)

Wildfire: Policy and advocacy organization working to end poverty in Arizona

Southwest Energy Efficiency Project (SWEET): Public-interest organization working in Arizona and five other southwest states to protect consumers and the environment by supporting policies and programs that save energy and money

Arizona PIRG Education Fund: Statewide organization that conducts research and education on issues in the public interest

Presentation Goals

1. Put a human face on utility disconnection in Arizona
2. Offer a broader set of strategies for the Commission's consideration to prevent utility disconnections in the first place
3. Offer input to inform the Commission's next steps on its process to develop disconnection rules

Presentation Agenda

1. The human face of disconnection (**Wildfire**)
2. Energy efficiency as a strategy to avoid disconnections in the first place (**SWEEP**)
3. Input to inform the Commission's next steps on its disconnection rule-making process (**Arizona PIRG Education Fund**)

The Human Face of Utility Disconnection *Wildfire*



14.9%

**ARIZONANS LIVING IN
POVERTY**



20.4% Children

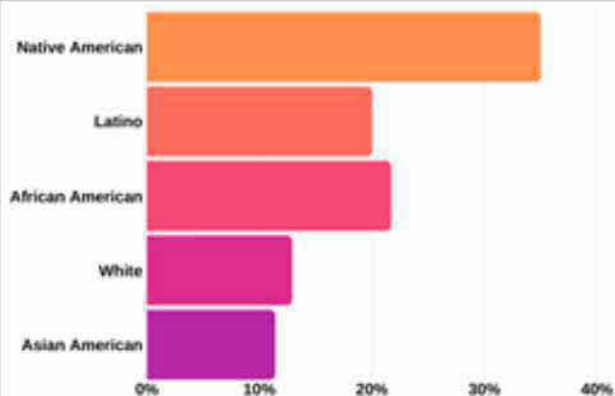


9% Seniors



33% Single Parents

VULNERABLE POPULATIONS



RACE & ETHNICITY

FAMILY OF FOUR

Poverty
\$24,600/year
\$2,050/month



Deep Poverty
\$12,300/year
\$1,025/month

Extreme Poverty
\$2,516/year
\$209/month



UNITED STATES SALARIES

TOP 1%: \$1.15 million
BOTTOM 90%: \$34,481

ARIZONA SALARIES

TOP 1%: \$784,469
BOTTOM 25%: \$23,640



**The top 1% of earners in the US hold
40% of the nation's wealth**

Did you know it will take...

84 & 228 years

For Latino and Black family wealth, respectively, to match 2016 white family wealth.



FEDERAL HOME ENERGY ASSISTANCE



2017: 23,844 Heating/Cooling Bills covered

2018: 16,697 Heating/Cooling Bills covered

ENERGY BILLS EXCEEDED AFFORDABILITY



2017: \$1,339 per household

2018: \$1,812 per household

HOME ENERGY BURDEN: HOUSEHOLDS BELOW 50% OF FPL

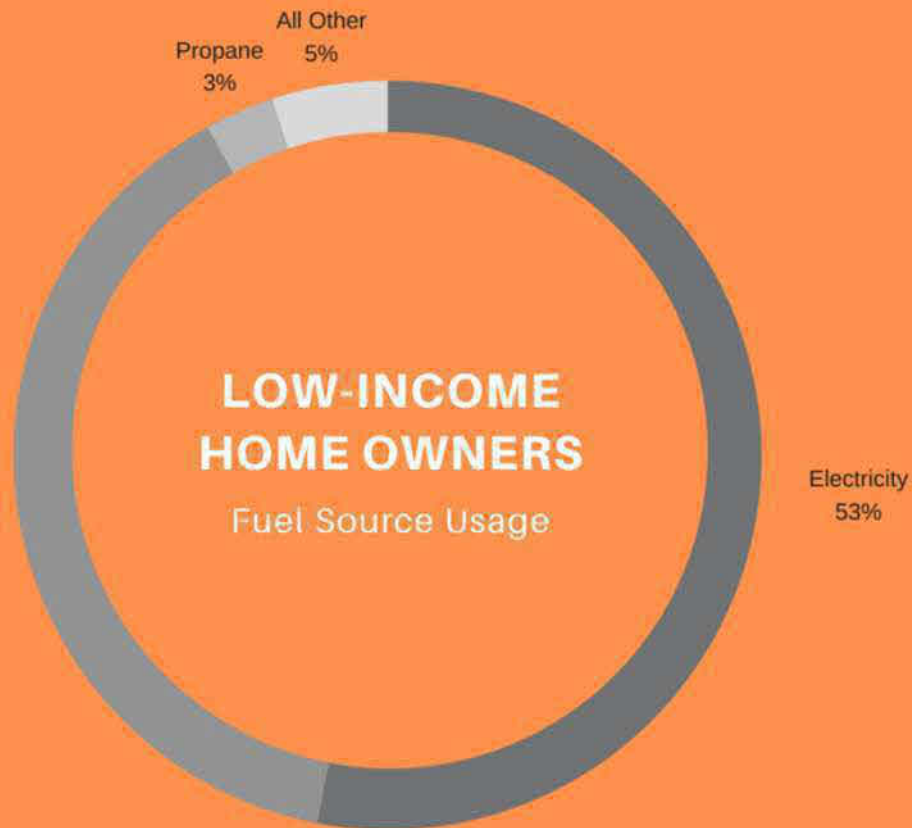
2017
34% of
household income

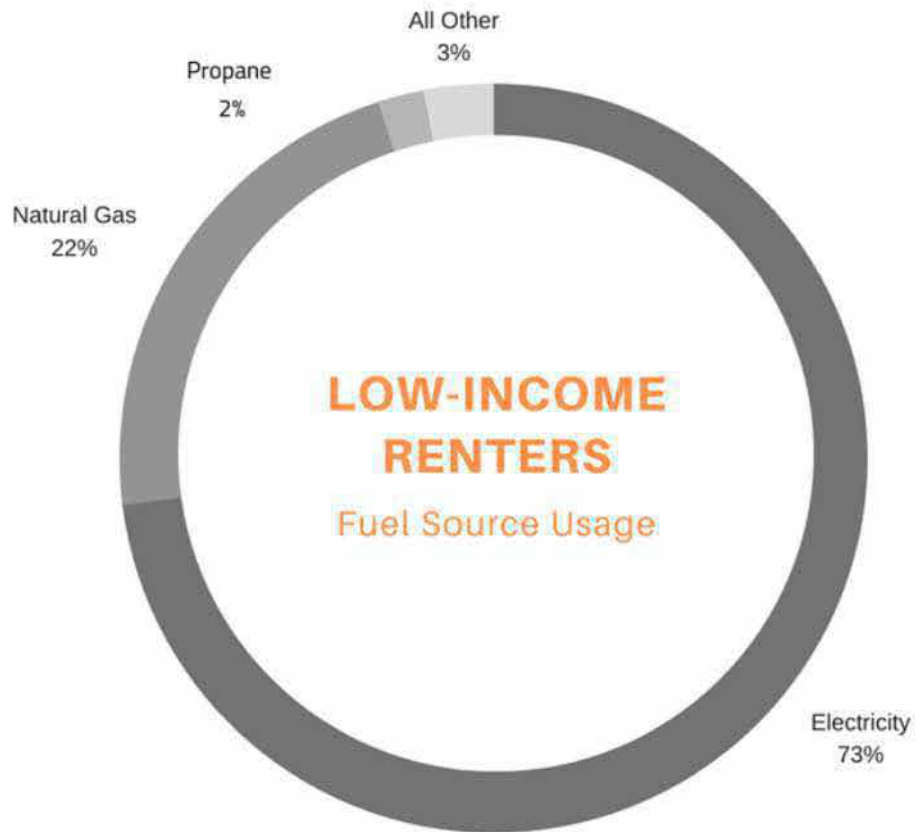


2018
40% of
household income



Natural Gas
39%

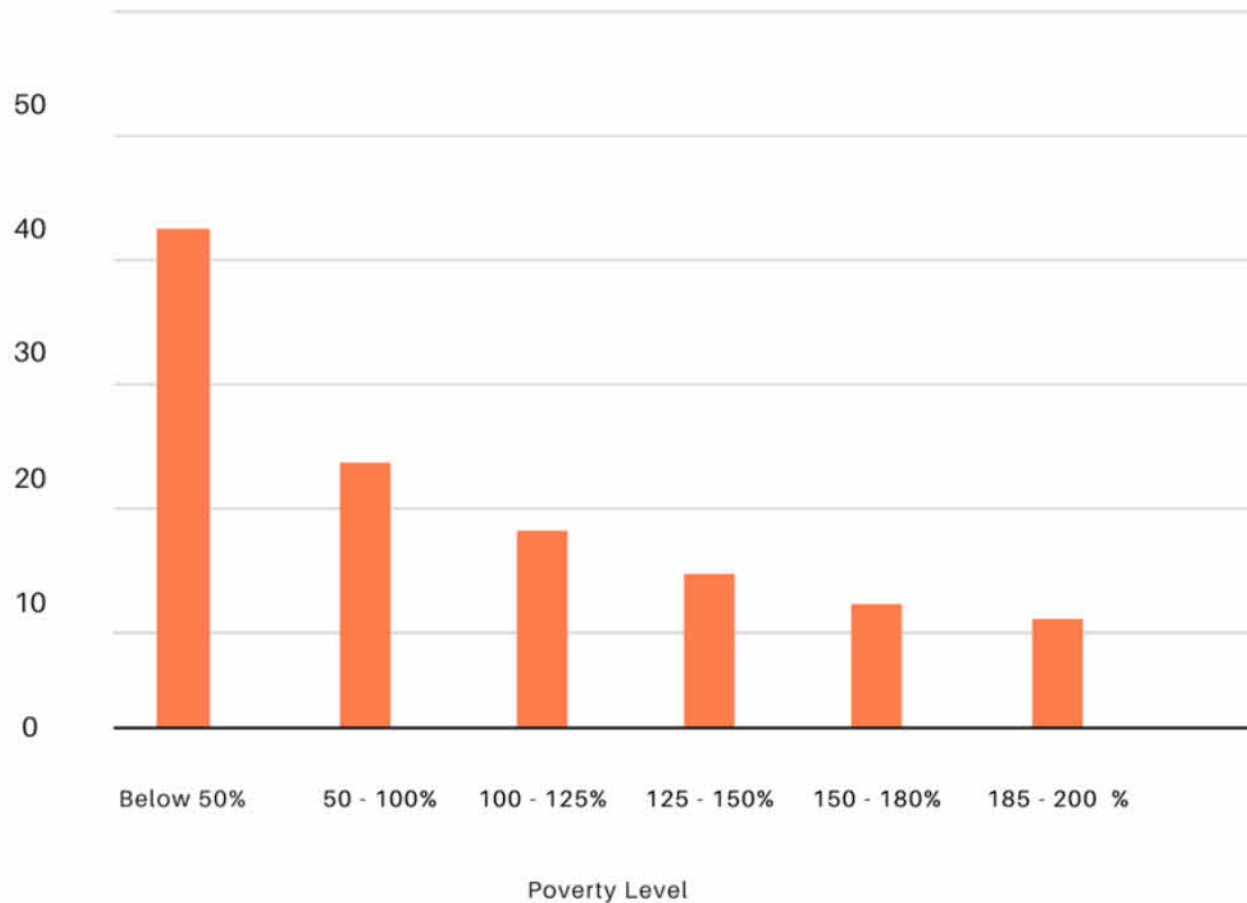




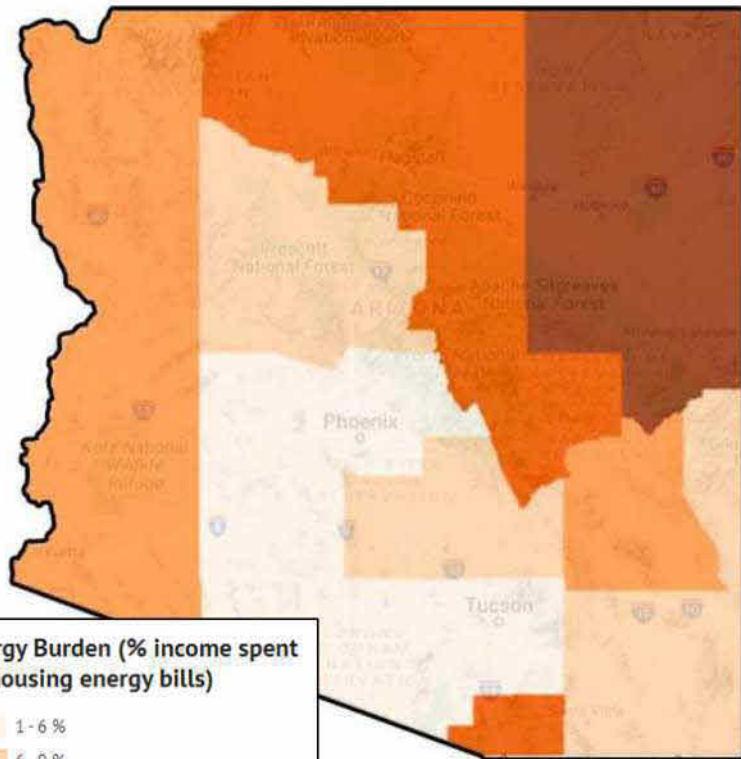
Energy Burden

Home energy is a crippling financial burden for low-income Arizona households. Arizona households with income below 50% of the Federal Poverty Level pay 40% of their annual income simply for their home energy bills.

Home Energy Burden %



Energy Burden Across Arizona



Energy Burden	County
5.28%	Pima
5.71%	Maricopa
6.10%	Pinal
6.96%	Greenlee
8.01%	Yavapai
8.50%	Cochise
10.75%	Mohave
10.94%	La Paz

Energy Burden	County
10.95%	Graham
11.47%	Yuma
13.46%	Coconino
14.19%	Gila
14.46%	Santa Cruz
49.57%	Navajo
66.50%	Apache

Query pulled from the NREL "Solar For All" Database, <https://maps.nrel.gov/solar-for-all/?aL=6m-d9o%255Bv%255D%3Dt&bL=clight&cE=0&IR=0&mC=38.870832155646326%2C->

Home Energy Affordability Gap

Federal fuel assistance program leaves many households uncovered

	Last Year	This Year
 Gross LIHEAP Allocation (\$000's)	\$18,408	\$18,651
 Number of Households <150% FPL	686,900	671,003
 Heating/Cooling Bills "Covered" by LIHEAP	23,844	16,697
 Low-Income Households left "Uncovered"	663,056	654,306

Energy Efficiency as a Strategy
to Avoid Disconnections
in the First Place
SWEEP

Example drivers of high household energy burden

Type of driver	Examples
Physical	Inefficient and/or poorly maintained HVAC systems
	Heating system and fuel type
	Poor insulation, leaky roofs, and inadequate air sealing
	Inefficient large-scale appliances (e.g., refrigerators, dishwashers) and lighting sources
	Weather extremes that raise the need for heating and cooling
Economic	Chronic economic hardship due to persistent low income (see text box "Income Inequality and Energy Affordability")
	Sudden economic hardship (e.g., severe health event or unemployment)
Policy	Inability or difficulty affording the up-front costs of energy efficiency investments
	Insufficient or inaccessible policies and programs for bill assistance, weatherization, and energy efficiency for low-income households
	Certain utility rate design practices, such as high customer fixed charges, that limit the ability of customers to respond to high bills through energy efficiency or conservation
Behavioral	Lack of access to information about bill assistance or energy efficiency programs
	Lack of knowledge about energy conservation measures
	Increased energy use due to age or disability

Policies and programs for addressing high energy burden

Program type	Program	Funding source
Bill assistance	Low Income Home Energy Assistance Program (LIHEAP)	Federal and state taxpayers
	Other low-income bill assistance programs	Utility ratepayers; private contributions
	Modified rate design, rate discounts or waivers, and modified billing methods	Utility ratepayers
Weatherization	Weatherization Assistance Program (WAP)	Federal and state taxpayers
Energy efficiency	Low-income energy efficiency programs ¹	Utility ratepayers ²

Benefits of Investing in Energy Efficiency in Low-Income Communities... Continued

Benefit recipient	Energy efficiency outcome	Resulting benefit
Communities	Lower electric and gas demand	Reduced environmental pollutants and improved public health
	Lower monthly utility bills due to avoided utility costs	More money spent in the local economy due to greater household disposable income, with higher local multiplier effect
		Poverty alleviation and increased standard of living
	Improvements in the efficiency of the housing stock	Local job creation through weatherization programs and energy efficiency providers and trade allies
		Improved quality of life
		Increased property values and preservation of housing stock

Source: American Council for an Energy Efficiency Economy, [Lifting the High Energy Burden in America's Largest Cities: How Energy Efficiency Can Improve Low Income and Underserved Communities](#)

Barriers and Challenges to the Delivery of Energy Efficiency Services to Low- and Low-to -Moderate Arizonans

- 1) High upfront costs of energy efficiency investments
- 2) “Split incentives” between owners and renters
- 3) Lack of access to information to participate in efficiency programs
- 4) Lack of time or resources to participate in efficiency programs
- 5) Housing stock health, structural, and safety deficiencies
 - Major issues can render households ineligible
 - Minor issues can add to projects cost or challenge project cost-effectiveness
- 6) Reaching low-income customers
 - Utilities struggle to find ways to reach low-income households, where language barriers and time constraints may prevent program participation
 - Utilities may not always be perceived as helpful partners when interactions with them have previously been focused to payment and service disconnect notices

Best Practices for Improving the Effectiveness of Efficiency Services for Low- & Low-to-Moderate Income Arizonans

- Conduct market segmentation and offer targeted/tailored program offerings to reach these segments
- Accommodate health and safety measures through program design
- Prioritize efficiency measures that achieve deep savings
- Offer a comprehensive range of measures and services
- Cost-effectiveness reforms
- Form partnerships to better market and deliver services to hard-to-reach customers
- Develop programs targeted to affordable multifamily housing
- Provide financing options to households and building owners
- Leverage diverse funding sources to focus on comprehensive dual-fuel or fuel-neutral upgrades including health and safety measures
- Emphasize quality control and training
- Implement best practice programs recognized nationally for innovation, performance

Highlights from Other Utilities: Duke Energy Neighborhood Energy Saver Program

- Uses a community approach to swiftly reduce energy bills for a large number of participants
- Targets low-income neighborhoods, working with local leaders to build neighborhood engagement and buy-in, and conducting energy assessments, energy-saving improvements, and participant education at no cost
- Census and other data are used to identify low-income neighborhoods
- After community buy-in is established, over the next 8–10 weeks, contractors conduct walk-through home energy assessments, install up to 20 energy-saving improvements in each participating home, and educate households about ways to further improve energy efficiency, all at no cost
- The program upgrades hundreds of homes in a cost- and time-efficient manner
- 70 percent participation rate is typical

Input for the Commission's Consideration on Next Steps for its Disconnection Rule- making

Arizona PIRG Education Fund

The Commission should define and establish a goal(s) to guide its rule-making process and related actions

- What are the Commission's ultimate goals:
 - Stopping all utility disconnections?
 - Stopping disconnections during extreme (hot or cold) weather conditions?
 - Protecting ratepayers?
 - Protecting public health?
 - Other?
 - Combination?
 - All of the above?
- **The Commission should solicit input from stakeholders to define and set its goals for its rule-making and other next steps**

The Commission should Implement the Key Activities Described in the Stakeholder Disconnection Workplan

- The workplan outlines 14 key activities to identify the concrete actions, policies, programs, and procedures that will protect the well-being of Arizona ratepayers and ideally strive to eliminate all utility disconnections
- The workplan was filed by Wildfire, Arizona PIRG Education Fund, RUCO, and St. Vincent De Paul on June 20th, 2019, and developed with help from SWEEP
- Example workplan activities include:
 - Conduct a deep-dive analysis of disconnection data for the last five years; a demographic analysis; a housing and locational analysis; a market segmentation analysis; etc. to elucidate disconnection trends and understand who is being disconnected, influences on disconnection, and the impacts of disconnection
 - Establish risk factors and an associated framework to proactively identify customers vulnerable to disconnection and to recommend and implement a suite of concrete/proactive actions, policies, programs, and procedures to help ensure that at-risk customers never disconnect including recommendations for bill assistance, energy efficiency programs, energy education, etc. and for the selection of and enrollment in rate options

Additional Key Activities Described in the Stakeholder Disconnection Workplan

- Benchmark the disconnection policies of regulated electric utilities in Arizona against other utility policies nationally
- Review and recommend improvements to payment assistance options
- Review and recommend improvements to rate options including for the selection of and enrollment in those rate options
- Review and recommend improvements to energy efficiency programs and services targeted toward vulnerable and at-risk populations
- Review and recommend improvements to education efforts, including energy education efforts
- Review and provide recommendations on reconnection processes including reconnection fees and deposits
- Review and recommend disconnection communications and communication procedures,
- Establish goals, metrics and reporting around disconnection processes

The Commission should ensure any process, activities, and actions it pursues are oriented first toward solutions that mitigate the health and human impacts of disconnection, data-driven and supported by evidence, and collaborative

Thank You!

Arizona PIRG
Education Fund

wildfire
Igniting Community Action
to End Poverty in Arizona


SWEEP